

STEINY AND COMPANY, INC.

Audit Report

INTERIM CONSTRUCTION AUDIT CONTRACT NO. 03-4E1104

January 1, 2008, through July 31, 2008



JOHN CHIANG
California State Controller

December 2008



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California State Controller

December 31, 2008

Douglas Gibson
Audits and Investigations, MS 2
California Department of Transportation
P.O. Box 942874
Sacramento, CA 94274-0001

Dear Mr. Gibson:

The State Controller's Office has completed an interim construction audit of a construction contract (No. 03-4E1104 between the California Department of Transportation (Caltrans) and Steiny and Company, Inc. to install wireless vehicle detection systems in Placer, Sacramento, Sutter, El Dorado, and Yolo counties. The audit period was January 1, 2008, through July 31, 2008.

The purpose of the audit is to determine whether costs claimed are allowable, allocable, reasonable and in compliance with the Federal and State laws and regulations as well as the fiscal provisions stipulated in the contract. Our audit of construction Contract No. 03-4E1104 did not disclose any reportable conditions.

In performing our review, we determined that the contractor's accounting system appears adequate to capture costs and that the project costs were allowable, reasonable, and in compliance with applicable federal and state laws and regulations and the fiscal provisions as stipulated in the contract. In addition, payments to contractors were made in a timely manner, are in accordance with contract provisions, and are properly approved by Caltrans contract officers.

If you have any questions, please call Andrew M. Finlayson, Chief, State Agency Audits Bureau, at (916) 324-6310.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB:wm

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Audit Report

Summary

The State Controller's Office (SCO) has completed an interim construction audit of a construction contract (No. 03-4E1104) between the California Department of Transportation (Caltrans) and Steiny and Company, Inc. to install wireless vehicle detection systems in Placer, Sacramento, Sutter, El Dorado, and Yolo counties. The audit period was January 1, 2008, through July 31, 2008.

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Background

The California Department of Transportation entered into a contract agreement (Contract No. 03-4E1104) with Steiny and Company, Inc. (contractor) to install wireless vehicle detection systems along Corridor Mobility Improvement Account corridors at various locations in Placer, Sacramento, El Dorado, Sutter, and Yolo counties. The construction work started on May 12, 2008; the expected completion date is October 9, 2008. The total amount of the construction contract is \$1,646,940.

Objectives, Scope, and Methodology

The scope of the audit was limited to the selected financial and compliance activities related to Contract No. 03-4E1104. The audit includes evaluation of the adequacy of internal controls over the construction project and tests of transactions supporting costs billed through July 31, 2008. Transactions arising subsequent to this date were not tested and accordingly, we do not express an opinion on costs or credit arising after this date. We did not review the books and records of subcontractors. As a result, opinions expressed in this report pertain solely to the contractor's compliance with Federal, State, and contract provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was conducted to determine whether:

1. The contractor's costs are reasonable, allowable, allocable, and supported;
2. The payments made relative to the contract are valid and legal;
3. The bidding procedures complied with Caltrans standard operation procedures;
4. The change order approval process complied with Caltrans' Construction Manual;
5. The contractor complied with all provisions stated in the contract.

Conclusion

We determined that Steiny and Company, Inc.'s accounting system appears adequate to capture costs and that the project costs were allowable, reasonable, and in compliance with applicable federal and state laws and regulations, and the fiscal provisions as stipulated in the contract. Our audit disclosed no reportable conditions.

Views of Responsible Official

We discussed the audit results with the contractor's representative, Vincent Mauch, CFO, on October 23, 2008. Mr. Mauch acknowledged the audit results; therefore, a draft report is not necessary and the report will be issued as final.

Restricted Use

This report is solely for the information and use of the California Department of Transportation, Steiny and Company, Inc., and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

December 31, 2008

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>